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FM AMEMBASSY SEOUL
TO RUEHC/SECSTATE WASHDC PRIORITY 4475
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY

S E C R E T SEOUL 001403

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STATE FOR NEA/IR - Misko and ISN/CPI - CHALMERS
TREASURY FOR TFFC - LOEFFLER

E.O. 12958: DECL: 05/10/2017
TAGS: [DA](#) [EFIN](#) [IR](#) [KNNP](#) [KS](#) [PARM](#)
SUBJECT: SEOUL RESPONSE: IMPLEMENTATION OF BANK SEPAH AND
SEPAH INTERNATIONAL ASSET FREEZE

REF: STATE 60238

Classified By: ECON MINCOUNS ANDREW QUINN FOR REASONS 1.4 (B AND D).

11. (S/NF) MINISTRY OF FINANCE AND ECONOMY (MOFE) FOREIGN EXCHANGE REGULATIONS DIVISION DIRECTOR HWANG KUN-IL TOLD ECONOFF TODAY THAT MOFE NOTIFIED FINANCIAL INSTITUTIONS ON APRIL 6 ABOUT THE FREEZE ON ASSETS OF BANK SEPAH AND BANK SEPAH INTERNATIONAL AND OTHER ENTITIES PURSUANT TO UNSCR 11747. MOFE'S ASSET FREEZE GUIDELINES COVERED IMMINENT PAYMENTS OF USD 140 MILLION THAT BANK SEPAH WAS POISED TO MAKE TO KOREAN EXPORTERS HERE FOR DELIVERIES TO IRAN COMPLETED BEFORE MARCH 24. HWANG NOTED THAT KOREAN EXPORT COMPANIES CONTINUE TO PLEAD FOR THE RELEASE OF THIS MONEY FROM BANK SEPAH BRANCHES IN SEOUL AND PUSAN SINCE THESE MONIES ARE CRITICAL TO MANY OF THE SMALLER FIRMS, AND ALL THE FIRMS INVOLVED ARGUE THESE PRE-MARCH 24TH TRANSACTIONS ARE NOT COVERED UNDER UNSCR 1747. MOFE IS HOLDING FIRM ON THE ASSET FREEZE BUT REMINDED US THAT THE U.K. GOVERNMENT IS UNDER SIMILAR PRESSURE AND HAD THEREFORE SOLICITED ROKG SUPPORT ON APRIL 20 TO HELP CLARIFY THIS ASPECT OF THE UNSCR ASSET FREEZE THROUGH UN CHANNELS. HWANG SAID THE ROKG HAS NOT YET DECIDED ON HOW TO RESPOND TO THE BRITISH REQUEST AND WOULD APPRECIATE ANY U.S. GUIDANCE.

12. (S) WHEN ASKED FOR DETAILS ON FROZEN ASSETS, MOFE DIRECTOR HWANG SAID NO ASSET FLIGHT HAS BEEN FOUND TO DATE BUT THE INVESTIGATION CONTINUES. HE CONFIRMED THAT BANK SEPAH BRANCHES IN SEOUL AND PUSAN ARE NOT CONDUCTING BUSINESS AT THE PRESENT TIME. HWANG REITERATED EARLIER REQUESTS THAT FINCEN SEND HIS OFFICE A WRITTEN REQUEST FOR ANY DETAILED INFORMATION ON BANK SEPAH ACCOUNT HOLDERS INCLUDING THEIR NAMES AND DATES OF BIRTH, IF SUCH INFO IS DESIRED. (NOTE: KOREA'S REAL NAME TRANSACTION LAW PROTECTS ACCOUNT HOLDER INFORMATION UNLESS A FOREIGN FINANCIAL SUPERVISORY AUTHORITY REQUESTS SUCH DATA IN WRITING. END NOTE.)

13. (S) ASKED ABOUT OTHER ENTITIES COVERED UNDER THE ASSET FREEZE, HWANG CONFIRMED THAT AMMUNITION AND METALLURGY INDUSTRIES GROUP, ESFAHAN NUCLEAR FUEL RESEARCH AND PRODUCTION CENTER, ESFAHAN NUCLEAR TECHNOLOGY CENTER,

KAVOSHYAR COMPANY, PARCHIN CHEMICAL INDUSTRIES, KARAJ NUCLEAR RESEARCH CENTER, NOVIN ENERGY COMPANY, CRUISE MISSILE INDUSTRY GROUP, AEROSPACE INDUSTRIES ORGANIZATION, SHAHID HEMMAT INDUSTRIAL GROUP AND SHAHID BAGHERI INDUSTRIAL GROUP WERE SO DESIGNATED. IN ADDITION, ALL IRANIAN REVOLUTIONARY GUARD CORPS ENTITIES AND KEY PERSONS INVOLVED IN THE REVOLUTIONARY GUARD OR NUCLEAR/BALLISTIC MISSILE ACTIVITIES WERE DESIGNATED PURSUANT TO UNSCR 1747.
VERSHBOW